

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

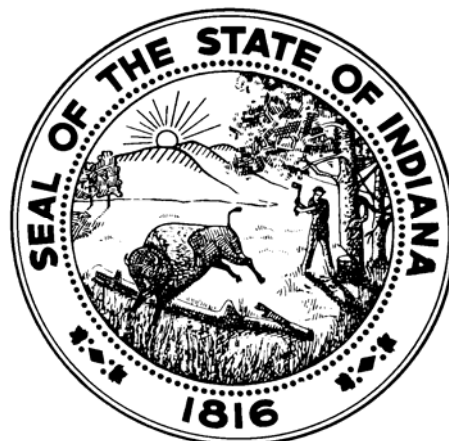
EXAMINATION REPORT

OF

TOWN OF MONON

WHITE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
03/14/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Required Supplementary Information:	
Schedule of Funding Progress	7
Supplementary Information:	
Schedule of Long-Term Debt.....	8
Examination Results and Comments:	
Capital Asset Records	9
Delinquent Wastewater Accounts.....	9
Personal Expenses	9-10
Conditional of Records – Town Court.....	10
Receipt Issuance	10
Written Policy for Partial Payments – Town Court.....	10
Exit Conference	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michele J. Robinson	01-01-04 to 12-31-07
President of the Town Council	Robert Harvey	01-01-05 to 12-31-07
Superintendent of Utilities	David W. Scott	01-01-05 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MONON, WHITE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Monon (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 6, 2007

TOWN OF MONON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 434,170	\$ 418,663	\$ 337,795	\$ 515,038
Motor Vehicle Highway	81,121	65,590	38,117	108,594
Local Road and Street	19,721	7,263	22,700	4,284
Park and Recreation	54,478	33,322	30,165	57,635
Law Enforcement Continuing Education	990	301	544	747
Riverboat	19,890	10,928	-	30,818
Rainy Day	42,383	-	-	42,383
Cumulative Capital Improvement	71,519	5,607	-	77,126
Cumulative Capital Development	56,993	11,320	-	68,313
County Economic Development Income Tax	70,433	25,902	4,068	92,267
Laptop Computer Donate	255	-	255	-
Forfeited Property	199	-	-	199
Operation Pullover	40	2,250	2,290	-
Emergency Gas Award	-	200	-	200
Driving Under the Influence Program (DUIP)	-	2,000	1,144	856
Civic Center	1,465	1,260	1,829	896
Historical Preservation	300	-	25	275
Proprietary Funds:				
Water Utility - Operating	26,842	183,106	190,849	19,099
Water Utility - Bond and Interest	(196)	55,432	55,083	153
Water Utility - Depreciation	100,219	9,890	37,474	72,635
Water Utility - Customer Deposit	29,205	7,700	7,051	29,854
Water Utility - Debt Reserve	42,084	12,599	-	54,683
Wastewater Utility - Operating	293,103	265,507	231,982	326,628
Wastewater Utility - Study Grant	-	18,019	18,019	-
Wastewater Utility - Depreciation	128,930	31,029	16,944	143,015
Fiduciary Funds:				
Town Court	1,221	6,580	6,563	1,238
Payroll	4,034	314,438	315,729	2,743
Totals	\$ 1,479,399	\$ 1,488,906	\$ 1,318,626	\$ 1,649,679

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 515,038	\$ 431,076	\$ 344,750	\$ 601,364
Motor Vehicle Highway	108,594	73,297	49,283	132,608
Local Road and Street	4,284	10,176	-	14,460
Park and Recreation	57,635	44,867	36,710	65,792
Law Enforcement Continuing Education	747	434	686	495
Riverboat	30,818	10,906	11,000	30,724
Rainy Day	42,383	-	-	42,383
Cumulative Capital Improvement	77,126	6,536	41,885	41,777
Cumulative Capital Development	68,313	11,724	683	79,354
County Economic Development Income Tax	92,267	28,650	30,000	90,917
Forfeited Property	199	-	-	199
Operation Pullover	-	1,950	1,950	-
Emergency Gas Award	200	-	200	-
Driving Under the Influence Program (DUIP)	856	-	856	-
Civic Center	896	1,145	870	1,171
Historical Preservation	275	14,000	14,051	224
Proprietary Funds:				
Water Utility - Operating	19,099	181,586	192,171	8,514
Water Utility - Bond and Interest	153	53,797	53,833	117
Water Utility - Depreciation	72,635	11,085	39,440	44,280
Water Utility - Customer Deposit	29,854	7,540	7,242	30,152
Water Utility - Debt Reserve	54,683	-	-	54,683
Wastewater Utility - Operating	326,628	249,883	206,440	370,071
Wastewater Utility - Study Grant	-	12,000	12,000	-
Wastewater Utility - Depreciation	143,015	32,997	31,478	144,534
Fiduciary Funds:				
Levy Excess	-	19,457	19,457	-
Town Court	1,238	3,467	3,041	1,664
Payroll	2,743	324,016	324,091	2,668
Totals	\$ 1,649,679	\$ 1,530,589	\$ 1,422,117	\$ 1,758,151

The accompanying notes are an integral part of the schedules.

TOWN OF MONON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF MONON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF MONON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 278,460	\$ 227,171	\$ 51,289	123%	\$ 200,191	26%
07-01-04	276,487	248,572	27,915	111%	211,176	13%
07-01-05	282,965	319,018	(36,053)	89%	236,553	(15%)

TOWN OF MONON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
2000 Water Tower and Water Lines	\$ 490,000	\$ 25,000

TOWN OF MONON
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Neither the Town or the Utilities maintained detailed capital asset records. A similar comment was in prior Report B25978.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment was in prior Report B25978.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . ."

PERSONAL EXPENSES

Payments were made to the Sportsman Inn for Christmas Party dinner for the Town employees for \$408.38 in 2005 and \$487.71 in 2006. A payment was made to the Monon Family Restaurant for Police Training Lunches.

TOWN OF MONON
EXAMINATION RESULTS AND COMMENTS
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS - TOWN COURT

Financial records presented for audit were incomplete and not reflective of the activity of the Town Court Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

The Town Court allows individuals to make partial payments on tickets and enter into payment plans for the balance due. When a partial payment is received an entry is made to the individuals' payment card and the cash is placed in a cash box maintained by the Court. No receipt is issued for partial payments received nor are they posted to the record. When the final payment for the ticket is received the total collected for the ticket is deposited to the bank, recorded to the record and receipt issued. On December 31, 2006, the Court was holding \$144.00 of Court receipts waiting for final payments.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

WRITTEN POLICY FOR PARTIAL PAYMENTS - TOWN COURT

The Town Court has no formal written policy for the partial payments that they are receiving, addressing how they will handle the timeliness of payments received, payments not received, etc. There is also no fund established (for example - Town Court Partial Payment Plan Fund) for which to receipt them into.

Each court should establish written guidelines on how to handle refunds and NSF checks. Such policy should also address whether the court will accept partial payments of the court costs, fines, and fees which are due. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TOWN OF MONON
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2007, with Michele J. Robinson, Clerk-Treasurer; and Robert Harvey, President of the Town Council. The officials concurred with our findings.